

4 November 2010

Dear Shareholder

**RENOUNCEABLE ENTITLEMENT ISSUE**

On 3 November 2010, Autodom Limited (ACN 009 123 782) (**Company**) lodged a prospectus (**Prospectus**) with the Australian Securities & Investments Commission (**ASIC**) in relation to a renounceable entitlement issue of 2 fully paid ordinary share/s in the capital of the Company (**Share/s**) for every 1 Share/s held by shareholders of the Company holding Shares as at the Record Date (as set out in the timetable below) (**Eligible Shareholders**) at an issue price of 6 cents per Share, to raise up to approximately \$6,521,556 (**Offer**). Fractional entitlements will be rounded down to the nearest whole number.

All of the Shares offered under the Prospectus will rank equally with the Shares on issue at the date of the Prospectus. The Prospectus contains further information regarding the rights and liabilities attaching to the Shares.

**Background**

The financial performance of the Company over the past two years has reflected the performance of the automotive manufacturing industry in general. This industry has battled the impact of high fuel prices, adverse exchange rates, increasing numbers of high quality imported vehicles and the dramatic negative impact of the global financial crisis. All these have lead to reduced volumes of locally manufactured vehicles. Over this period the Company has focused on trying to restructure its cost base to adapt to reduction in the volume. As with any manufacturing business, though, a base level of scale is critical to success.

The directors of the Company believe completion of the acquisition of DAIR has delivered sufficient scale to put the Company on a solid financial footing. From this expanded business base the Company believes it will be able to deliver future growth in earnings. It is the Board's intention to recommence regular dividend payments as soon as the return to consistent earnings is achieved.

The corporate strategy continues to focus on being a key player in the rationalisation of the component manufacturing sector. This strategy is supported by government policy. For the DAIR acquisition the Company received assistance in the form of a \$3.97m grant via the Federal government's Automotive Industry Structural Adjustment Program (**AISAP**). This represented 35% of the acquisition price of the DAIR business. This program is due to finish at the end of June 2011. The Company has a number of further merger and acquisition opportunities being explored.

The Board is encouraged by positive indications from the local manufacturers Toyota, Ford and Holden. Each are developing new models for local production and signalling commitments of hundreds of millions of dollars to capital and plant upgrades. With the acquisition of DAIR, the Company is now a major supplier to all three and is well placed to participate in the new vehicle programs.

## **Offer Fully Underwritten**

The Offer is fully underwritten by Temorex Pty Ltd (**Underwriting**). Shareholders should refer to the Prospectus for further details of the Underwriting.

## **Offer to all Shareholders**

The distribution of the Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons Shareholders who receive the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws.

Shareholders who are resident in countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

## **Availability of Prospectus**

The Prospectus together with a personalised entitlement and acceptance form will be sent to all Shareholders on the date set out in the timetable below. Instructions on how and when to apply under the Offer are set out in the Prospectus. The Prospectus is an important document and should be read in its entirety before deciding whether to accept an entitlement. If after reading the Prospectus you have any questions you should consult your stockbroker, accountant or other professional adviser.

The Prospectus has also been lodged with ASX and is available on the ASX website at [asx.com.au](http://asx.com.au) and on the Company's website at [autodom.com.au](http://autodom.com.au).

## **Use of Funds**

The funds raised by the Offer will be used to fund the Company's acquisition of the DAIR business, general working capital and to meet the anticipated expenses of the Offer. Further details are set out in the Prospectus.

## **Application for quotation**

The Company has applied to ASX for quotation of the Shares to be issued pursuant to the Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

## **Timetable**

The timetable in respect of the Offer is set out below:

Lodgment of Prospectus and Appendix 3B with ASIC	3 November 2010
Notice sent to Shareholders	4 November 2010
Ex Date	8 November 2010
Rights trading commences	8 November 2010
Record Date for determining Shareholder entitlements	12 November 2010
Prospectus dispatched to Shareholders	15 November 2010
Rights trading ceases	22 November 2010

Securities quoted on a deferred settlement basis	23 November 2010
Closing Date of Offer	29 November 2010
Notify ASX of under-subscriptions	2 December 2010
Despatch date/Shares entered into Shareholders' security holdings	6 December 2010

\*This timetable is prepared based on the minimum practical days in accordance with the Listing Rules.

### **Capital Structure**

Upon completion of the Offer (assuming all Shares offered under the Prospectus are issued), the capital structure of the Company will be:

#### **Shares**

	<b>Number</b>
Shares currently on issue	53,346,301
Shares offered pursuant to the Offer	108,692,602
<b>Total Shares on issue after completion of the Offer</b>	<b>163,038,903</b>

#### **Options**

	<b>Number</b>
Options (unlisted) (exercise price 45 cents / expiry date 30 June 2012)	500,000
Options (unlisted) (exercise price 45 cents / expiry date 30 June 2012)	500,000
Options (unlisted) (exercise price 45 cents / expiry date 30 June 2012)	1,333,333
<b>Total Options on issue after completion of the Offer</b>	<b>2,333,333</b>

#### **Enquiries**

If you have any questions about applying for securities under the Prospectus, please contact the Company on +61 8 9381 8888, or the share registry on 1300 787 272.

Yours faithfully

**MR PETER TORRE  
COMPANY SECRETARY  
AUTODOM LIMITED**